

BILLING INSTRUCTIONS

APPLICABLE TO NEGOTIATED COST REIMBURSEMENT TECHNICAL
SERVICE CONTRACTS AND RESEARCH AND/OR DEVELOPMENT CONTRACTS.

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BILLING INSTRUCTIONS

Applicable to negotiated cost reimbursement technical service contracts and research and/or development contracts.

I. INTRODUCTION

These instructions reflect the standards of the Research and Special Programs Administration for adequately prepared vouchers or invoices. Compliance with these instructions will reduce correspondence and other causes for delay to a minimum and will this promote payment of your claims. Cost-reimbursement type contracts and subcontracts, cost-reimbursement portions of fixed-price contracts, letter contracts which provide for reimbursement of cost, time-and-material contracts and labor-hour contracts are subject to audit therefore all cost claimed must be adequately supported by accounting records and other auditable data.

II. Voucher Submission

- A. FORMS - In claiming reimbursement use either: (1) the Government Standard Form (SF) 1034, Public Voucher for Purchase and Services Other Than Personal (with continuation sheet SF 1035), or (2) the contractor's own voucher forms, If the contractor's own forms are used, the billing content must agree with the illustrated in Exhibits A, B, and C.
- B. NUMBER OF COPIES - Each voucher shall be submitted in an original and three copies.
- C. TIME FOR SUBMISSION - Vouchers may be submitted at the beginning of each calendar month for costs incurred during the preceding month. Costs incurred earlier than the preceding month, but not previously billed, may be included, but the amount and month(s) in which such costs were incurred must be stated in the SF 1035 (Exhibit C).
- D. COST INCURRENCE PERIOD - Cost must be incurred, and the dates of the related "billed for" period must fall within the contract performance period as set forth in the original contract and any modification thereto.
- E. CONTRACTOR'S FISCAL YEAR - Vouchers should be reared in such a manner that cost claimed can be associated or identified with the contractor's fiscal year. This will ensure proper application of an indirect cost rate(s) to the direct costs of a particular fiscal year. However, the "Cumulative Total" column of the "Summary of Expenditures Supportive of

Reimbursement Claim" must always reflect the cumulative amounts claimed by the contractor (exclusive of suspensions) from the inception of the contract.

- F. ALLOWABLE COSTS - Costs claimed for reimbursement can be only those amounts that are consistent with the term cost as defined in the "Allowable Cost and Payment" clause. Where it is found that amounts claimed do not meet this definition, such costs and fee will be disallowed. All adjustments included herein must be explained in detail.
- G. COST REQUIRING PRIOR AUTHORIZATION AND APPROVAL - The contractor should be aware of the requirement for prior written approval from the Contracting Officer for certain contract cost (e.g., premium pay, foreign travel, etc.). Whenever the voucher includes such costs not authorized by the contract, reference must be made to the Contracting Officer's authorization letter (e.g., "C.O. Auth. dtd. mm/dd/yy" or if the authorization letter cites a number "Auth. No. 84-01 dtd. mm/dd/yy").
- H. SUSPENSION OF COSTS
 - (1) The Government reserves the right to suspend costs from vouchers, when such action is deemed appropriate by the Contracting Officer. Suspensions normally result from a contractor's failure to obtain prior approval from the Contracting Officer before the incurrence of certain costs, e.g., premium pay, increase in wage rates above those agreed to during negotiations, some travel expenses, purchase of capitalized non-expendable equipment or other claimed expenses neither identified nor negotiated.
 - (2) When suspension occurs, the Contracting Officer shall notify the contractor, in writing, of the category(ies) and amount(s) involved and the reason(s) for suspension.
 - (3) Contractors shall, on next voucher submitted, adjust the cumulative amount column(s) for the expenditure
 - (4) Contractors may appeal to the Contracting Officer for reconsideration of any suspended costs. Request for reconsideration must be made, in writing, to the Contracting Officer and must provide a sufficiently detailed reason(s) and documentation to support the request.

- I. RESUBMITTAL OF SUSPENDED COST - If approved by the Contracting Officer, contractors may include previously suspended costs on the next voucher submitted, Resubmittals shall be included under the appropriated expenditure category(ies) under a subheading of "resubmittal" and shall be separately identified. The entry shall include an identification of the resubmitted cost, the number of this public voucher from which it was suspended, and the date of the Contracting Officer's approval for resubmission. Further, the entry(ies) in the "Amount Claimed This Period" column on the "Summary of Expenditures Supportive of Reimbursement Claim" shall be annotated with the symbol "(R)" to indicate the cost shown is or contains a previously suspended amount. Failure to provide the required information may result in another suspension.
- J. WITHHOLDING OF FIXED-FEE - After payment of 85% of the fee, the Contracting Officer may withhold further payment of fee to establish a reserve to protect the interest of the Government. This reserve may not exceed 15% of the total fee, or \$100,000, whichever is less. Any fee withheld is payable upon submission of appropriate closing documents after final audit of the contract has been completed and all audit exceptions have been resolved.
- K. WITHHOLDING AND RELEASE OF CONTRACT RESERVES - Contractual provisions covering fees, patents, royalties, etc. usually provide for the accumulation of reserves until certain contract requirements are met to the satisfaction of the Contracting Officer. It is the contractor's responsibility to include appropriate adjustment in its reimbursement of claims to cover the required accumulation and release of contract reserves. The contractor should resolve any questions regarding the amount of these reserves with the Contracting Officer.
- L. GOVERNMENT LIAISON - Any questions concerning delays in payments of contractor's invoices and questions concerning performance under the contract or the instructions set forth in this instruction should be addressed to the Contracting Officer.
- M. CURRENCY - All Department contracts are expressed in United States dollars. Where expenditures are made in a currency other than United States dollars, billing on the contract shall be expressed, and reimbursement by the United States Government shall be made, in that other currency at amounts coincident with actual costs incurred. Currency fluctuations may not be a basis for gain or loss to the

contractor. Notwithstanding the above, the total of all invoices paid under this contract may not exceed the United States dollars authorized.

III. PREPARATION OF PUBLIC VOUCHERS

Exhibits A,B, and C illustrate the information which a contractor is required to submit in its public vouchers. Explanatory notes are keyed to the entries and are as follows:

A. COMPLETION OF STANDARD FORM 1034 - (Refer to Exhibit A) -
The following information is required:

- (1) U.S. Department, Agency or Office and Location - Insert

U.S. Department of Transportation (RSPA)
Federal Aviation Administration, MMAC
Financial Operations -- AMZ-1
P.O. Box 25730
Oklahoma City, OK 73125-4913
- (2) Date Voucher Prepared - Insert the date on which the public voucher was prepared.
- (3) Contract Number and Date - Insert the number and date of award of the contract under which reimbursement is claimed.
- (4) All block lettered "(4)" should be left blank unless applicable (e.g., discount terms).
- (5) Voucher No. - Insert the appropriate serial number of each voucher including the completion and final vouchers. A separate series of consecutive numbers, beginning with No. 1, shall be used by the contract or for each contract.
- (6) Payee's Name and Address - name where practicable, title, phone number, and complete mailing address of responsible official to whom payments will be sent. In the case of an assignment of claims, also insert the organization to which payments have been assigned the contract.
- (7) Payee's Account Number - This space may be used by the contractor to record the account or job number assigned to the contract.

- (8) Number and Date of Order - Enter the number and date of the applicable order. (Applicable only when billings are subsequent to work assignment or task orders.)
- (9) Date of Delivery/Service - Show the month and year, beginning and ending dates of the cost incurrence period.
- (10) Articles or Services - Insert the following: "For details, see attached page(s)."
- (11) Amount and Total - Insert the amount claimed for the period indicated in (9) above.
- (12) Identification - Each voucher submitted must be prominently identified as one of the following:
 - (a) "Interim Voucher,"
 - (b) "Completion Voucher," or
 - (c) "Final Voucher."
- (13) Type the following certification, signed by an authorized official, on the face of the SF 1034.

"I certify that all payments requested are for appropriate purposes and in accordance with the contract."

(Name of Official) _____

(Title) _____

- B. COMPLETION OF SUMMARY OF EXPENDITURES -(Refer to Exhibit B)- This page follows directly behind the SF 1034 and contains two main categories of information: (1) summary of costs by category, showing contract budget, amount previously claimed, amount claimed under this voucher, the cumulative through this voucher and (2) necessary certification and signature.

- (1) Gross Summary is illustrated by Exhibit B. Include only major categories of costs in the order illustrated.
- (2) Certification and Signature are illustrated in Exhibit B. The Certification of Costs/fee is mandatory.

- C. COMPLETION OF STANDARD FORM 1035 - (Refer to Exhibit C) - The following information is required:

- (1) Insert the name of the Government Agency.

- (2) Insert the voucher number as shown on the SF 1034.
- (3) Schedule No. - Leave blank.
- (4) If more than one sheet is used, insert the sheet number in numerical sequence. Use as many sheets as necessary to show the required information.
- (5) Insert payee's name and address as in the SF 1034.
- (6) Insert the contract number and address as in the SF 1034.
- (7) Insert the current contract amounts for.

Estimated Cost
Fee (If applicable)
Total Contract Value

- (8) Insert the cost elements as applicable. The detailed information described below is required to assist the Contracting Officer and program personnel in relating costs incurred to work performed. The categories of cost shall be itemized and described as follows:
 - (a) Direct Labor costs consist of salaries and wages paid for work performed directly for the contract and pursuant to its terms. Such labor cost (excluding fringe benefits and any authorized overtime premium pay) will be identified by providing the job title or classification of the work, and for each classification of the work, and for each classification (1) the number of hours worked, (2) the hourly rate and (3) the total wage or salary. The name of worker should also be provided, but when a great number of routine workers are involved, the position classification only will suffice. The cost of direct labor charged to the contract must be supported by time records maintained in the contractor's office.
 - (b) Premium Pay This is remuneration in excess of the basic hourly rate. Premium pay of any kind (including overtime) must be authorized by the Contracting Office in advance. Billings for unauthorized premium pay have caused frequent delays in payment due to suspensions and exchange of correspondence. Premium pay should not be included in the billing for "direct labor base" unless the contract has consistently followed

this practice in the past as a matter of policy.
Make entries as follows:

- (i) In Summary of Expenditures - Exhibit B, list as a single item.
 - (ii) In SF 1035, itemize for each position or job category referencing the Contracting Officer's letter of authorization.
- (c) Fringe Benefits are to be treated according to the contractor's established practice:
- (i) If fringe benefits are included in the overhead pool, no entry is required.
 - (ii) If the contract allows for a separate fringe benefit pool, cite the formula (rate and base) in effect during the time the costs were incurred.
 - (iii) If the contract allows for billing of fringe benefits as a direct expense show the actual fringe benefit costs.
- (d) Material and Supplies should include only those items that the contractor normally treats as "direct costs." Bill these costs under major classifications or categories such as office supplies, chemicals, electronics parts, etc., unless any one particular item within a class exceeds \$300 in which case all such item(s) exceeding \$300 must be specifically identified.
- (e) Travel Claims for travel, as authorized by the contract, shall include the following information:
- (i) Travel by contractor staff shall be listed separately from that of consultants.
 - (ii) Travel by contractor staff shall provide:
 - Name of traveler or title;
 - Dates of departure and return to departure point;
 - Transportation costs;
 - If claims for subsistence are on a per diem

basis, show number of days, rate and amount, as authorized in contract. If claim is based on actual cost of subsistence, show on a daily basis the amount claimed for lodging and meals separately;

Reference to Contracting Officer's letter of authorization if approval is necessary.

- (iii) Travel by consultants shall be listed separately and provide the same detail as contractor staff travel described above.

NOTE: DOMESTIC TRAVEL IS TRAVEL WITHIN THE UNITED STATES, ITS TERRITORIES, POSSESSIONS, AND CANADA; IT SHOULD BE BILLED SEPARATELY FROM FOREIGN TRAVEL.

- (f) Consultant Fees must reflect each consultant's name, daily rate and number of days claimed. If applicable, Contracting Officer's authorization should be referenced.
- (g) Subcontract requires the name of each subcontractor involved and the dollar amount claimed. Costs claimed by cost reimbursement subcontractors must be on an "as-incurred" basis and subcontractor back-up information similar to the SF 1035 must be obtained and attached for each subcontractor. Costs for fixed-price subcontracts shall be on the basis of product or performance delivered, accepted and paid for by the prime contractor.
- (h) Capitalized Nonexpendable Equipment For educational institutions, list each item costing \$1,000 or more; for contractors other than educational institutions, list each item costing \$300 or more and having a life expectancy of more than 1 year. List only those items of equipment for which reimbursement is requested. A reference shall be made to the following (as Applicable) (1) the item number for the specific piece of equipment listed in the Property Schedule; (2) the Contracting Officer's authorization letter, if the equipment is not covered by the Property Schedule; or (3) be preceded by an asterisk (*) if the equipment is below the approval level. Further itemization of vouchers shall only be required

for items having specific limitations set forth in the contract.

- (i) Other Direct costs are costs that cannot be placed with any of the categories listed above. Identify the categories to the extent both possible and reasonable (i.e., communications; leased equipment; reproduction, etc.).
- (j) Total Direct Costs. This is the sum of items (8)(a) through (8)(i) above.
- (k) Overhead. Cite the formula (rate and base). Overhead may be claimed only at the rates agreed to in the contract. Billing rates will apply pending the establishment of final negotiated overhead rates for the contractor's fiscal year.
- (l) Total Cost Exclusive of G&A. This is the sum of items (8)(j) and (8)(k) above.
- (m) G&A Expense (Cite Formula). Cite the formula (rate and base) in effect during the time the cost was incurred and for which reimbursement is claimed.
- (n) Insert the total costs claimed for the current period.
- (o) If the contract provides for an incentive or fixed fee, insert the fee earned for the current period and the formula for such computation.
- (p) Insert the total costs claimed and the fixed-fee due for the current period. If applicable resubmission of any previously claimed amounts which were suspended should be shown below the current amount claimed and footnoted to cite the number of the public voucher on which the deduction was made and the date and number of the related suspension notice. Suspensions from which the contractor has successfully appealed shall be identified by referencing Contracting Officer's letter of approval.

IV. LINE ITEM BREAKDOWN BY TASK (REFER TO EXHIBIT D)

- A. Complete on an SF 1035;
- B. Identify the total negotiated amount for that task or phase.

This amount shall be appropriately changed to reflect any formal adjustments made through contract modifications;

- C. Identify each major cost category;
- D. List the amount claimed for this period by major category;
- E. List the cumulative total by major category.

V. VOUCHER SUBMISSION ADDRESS

Submit the original and three (3) copies of each voucher to the attention of the Contracting Officer at the following address:

Department of Transportation
Research & Special Programs Administration
Office of Contracts and Procurement
400 7th Street, S.W., Room 8321
Washington, D.C. 20590
Reference Contract No.: _____

VI. CONTRACT CLOSEOUT

A. CONTRACTOR'S COMPLETION VOUCHER-CUMULATIVE CLAIM AND RECONCILIATION

- (1) After all costs have been assigned to the contract and all contract performance revisions have been physically completed, the contractor shall promptly submit, but in any event within twelve (12) months from the date of such completion, its completion voucher (cumulative claim reconciliation) in an original and three (3) copies to the contracting Officer. This voucher must be specifically identified as the completion voucher and should include the remaining costs, fees and reserves claimed to be due the contractor. It will not include items and amounts which may be set out in any qualifications in the contractors release of claims. A separate completion voucher shall be submitted for each individual project or task order for which a separate series of public vouchers has been required to be submitted.

B. CONTRACTOR'S FINAL VOUCHER AND CLOSING DOCUMENTS

- (1) The contractor shall submit its final voucher and the appropriate closing documents to the Contracting Officer after the following has been accomplished:

- (a) Completion of the final audit.
 - (b) All suspensions and/or audit exceptions have been resolved and there is mutual agreement between the contractor and the Contracting Officer on the final allowable costs and fixed-fee, if any, of the contract.
 - (c) Acceptable final overhead rates for all periods involved under the contract have been approved by the Contracting Officer and have been incorporated into the contract by modification.
- (2) The contractor shall submit an original and three (3) copies of the "final voucher" to finalize the financial settlement of the contract.

The voucher shall be separately identified as the "final voucher" and shall include the remaining fee reserves and any adjustments to vouchered costs necessitated by the final settlement of the contract price. The following documents shall be submitted with the "final voucher."

- (a) Contractor's Release.
 - (b) Assignee's Release, if applicable.
 - (c) Contractor's Assignment of Refunds, Rebates and Credits and Other Amounts.
 - (d) Assignee's Assignment of Refunds, Rebates, Credits and Other Amounts, if applicable.
 - (e) Contractor's Affidavit of Waiver of Lien, when required by the contract.
- (3) If the final settlement of the contract is on the amount shown on the completion voucher, the contractor need not submit a final voucher but only the additional closing documents cited above.